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ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

Fifteenth Annual Report

FOR THE YEAR ENDED 30th APRIL, 1970

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ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

INTERIM REPORT

FOR THE 6 MONTHS ENDED OCTOBER 31, 1970

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA
AND SUBSIDIARY COMPANIES

Statement of Consolidated Earnings for the 6 months
to October 31, 1970

(with comparative figures for the 6 months to October 31, 1969)

Subject to year-end audit and adjustment

	<u>1970</u>	<u>1969</u>
Total income (note 1)	<u>\$432,964</u>	<u>\$341,716</u>
Earnings before the undernoted items	\$350,659	\$275,521
Income and foreign withholding taxes	<u>26,244</u>	<u>16,049</u>
Earnings before net gain on investment portfolio changes	\$324,415	\$259,472
Net gain on investment portfolio changes	<u>57,789</u>	<u>506,242</u>
Net earnings for the period (note 2)	<u>\$382,204</u>	<u>\$765,714</u>
Net earnings per common share		
Before inclusion of net gain on investment portfolio changes	\$0.24*	\$0.18*
Including net gain on investment portfolio changes	0.29*	0.65*

Consolidated Net Assets - October 31
(note 3)

	<u>1970</u>	<u>1969</u>
Book value	\$19,936,744	\$19,477,022
Market value	\$28,689,234	\$27,482,300
Market value per common share	\$24.26*	\$23.14*

- Note 1: Due to a change in the ex-dividend date relating to a dividend on one of the company's holdings 1970 total income includes a dividend of \$47,757 which in 1969 was taken into income in the second half of the year.
- Note 2: Earnings for the 6 months do not include any portion of the consolidated earnings of Locana Mineral Holdings Ltd., control of which was acquired on October 21, 1970.
- Note 3: Consolidated Net Assets at October 31, 1970 include the appropriate portion of the consolidated net assets of Locana Mineral Holdings Ltd.

* After giving effect to the interest of holders of the 5½% cumulative redeemable preferred shares.

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA
AND SUBSIDIARY COMPANIES

Statement of Consolidated Source and Application of Funds
for the 6 months ended October 31, 1970

(with comparative figures for the 6 months to October 31, 1969)

Subject to year-end audit and adjustment

	<u>1970</u>	<u>1969</u>
Funds were provided from:		
Earnings for the period	\$382,204	\$765,714
Net decrease (increase) in investment portfolio, (1970 excluding investments acquired on consolidation of subsidiary, Locana Mineral Holdings Ltd.)	\$3,973,886	(291,499)
Total funds provided	<u>\$4,356,090</u>	<u>\$474,215</u>
Funds were applied to:		
Payment of dividends	\$203,694	\$203,694
Long-term assets acquired on consolidation of Locana Mineral Holdings Ltd.	\$2,105,465	
Less minority interest	<u>752,957</u>	<u>\$1,352,508</u>
Total funds applied	<u>\$1,556,202</u>	<u>\$203,694</u>
Net increase in working capital	\$2,799,888	\$270,521
Working capital, beginning period	<u>1,144,636</u>	<u>1,418,206</u>
Working capital, end of period	<u>\$3,944,524</u>	<u>\$1,688,727</u>

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

BOARD OF DIRECTORS

FRANK H. BROWN

J. IAN CROOKSTON

NORMAN F. W. H. D'ARCY

HON. GEORGE B. FOSTER, Q.C.

EDWARD D. FRASER

JOCELYN HAMBRO

RUPERT HAMBRO

WILLIAM F. JAMES, PH.D.

GEOFFREY OSMINT

GORDON O. PEAKE

OFFICERS

WILLIAM F. JAMES *Chairman of the Board*

NORMAN F. W. H. D'ARCY *President*

BERNICE SIMPSON *Secretary*

J. BRIAN L. THOMAS *Treasurer*

MANAGERS

LOCANA SECURITIES LTD. Toronto

TRANSFER AGENTS AND REGISTRARS

COMMON SHARES:

NATIONAL TRUST COMPANY, LIMITED Montreal, Toronto and Vancouver

LOCANA CORPORATION (LONDON) LIMITED Transfer Agent — London, England

CANADIAN IMPERIAL BANK OF COMMERCE Registrar — London, England

PREFERRED SHARES:

NATIONAL TRUST COMPANY, LIMITED Montreal, Toronto and Vancouver

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE Toronto

HAMBROS BANK LIMITED London, England

TORONTO-DOMINION BANK Toronto

SOLICITORS

FOSTER, LEGGAT, COLBY & RIOUX Montreal

AUDITORS

CLARKSON, GORDON & Co. Toronto

CUSTODIAN

CANADIAN IMPERIAL BANK OF COMMERCE Toronto

OFFICES OF THE COMPANY

HEAD OFFICE: SUITE 3301-1155 DORCHESTER BLVD. WEST MONTREAL

EXECUTIVE OFFICE: SUITE 3705, TORONTO-DOMINION BANK TOWER,
TORONTO DOMINION CENTRE, TORONTO 111.

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA
 AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

SUMMARY OF RESULTS FOR THE YEAR ENDED APRIL 30, 1970

(with comparative figures for the year ended April 30, 1969)

	1970	1969
Total net assets:		
Book value - - - - -	\$19,758,236	\$18,915,005
Market value - - - - -	\$29,331,836	\$27,077,399
Per common share - - - - -	\$24.85*	\$22.77*
Dividend income - - - - -	\$ 680,931	\$ 664,696
Interest income - - - - -	\$ 104,919	\$ 66,896
Profit (loss) on security trading - - - - -	\$ (32,490)	\$ 10,019
Net gain on investment portfolio changes - - - - -	\$ 840,370	\$ 400,930
Net earnings after taxes:		
Before inclusion of net gain on investment portfolio changes - - -	\$ 572,182	\$ 582,507
Per common share - - - - -	\$0.40*	\$0.41*
Including net gain on investment portfolio changes - - - - -	\$ 1,412,552	\$ 983,437
Per common share - - - - -	\$1.18*	\$0.78*
Dividend paid per common share - - - - -	\$0.40	\$0.40

*After giving effect to the interest of holders of the 5½% preferred shares

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

PORTFOLIO ANALYSIS AS AT APRIL 30, 1970

	<u>Number of Holdings</u>	<u>Approximate Market Value</u>	<u>% of Total Portfolio</u>
DEBENTURE STOCK - - - - -	3	\$ 86,100	.3
PREFERRED SHARES - - - - -	9	\$ 1,140,500	3.9
COMMON SHARES			
1. Consumer goods and services			
(a) Breweries and Distilleries - - - - -	2	\$ 857,100	2.9
(b) Public Utilities - - - - -	3	811,900	2.8
(c) Retail Stores - - - - -	1	88,100	.3
Total - - - - -		\$ 1,757,100	6.0
2. Financial institutions - - - - -	7	\$ 854,300	2.9
3. Natural resources			
(a) Mines and Metals - - - - -	10	\$21,637,200	73.7
(b) Oil, Gas and Pipelines - - - - -	6	816,400	2.8
(c) Pulp and Paper - - - - -	4	1,170,200	4.0
Total - - - - -		\$23,623,800	80.5
4. Transportation - - - - -	2	\$ 583,900	2.0
5. Miscellaneous - - - - -	5	\$ 159,900	.6
TOTAL COMMON SHARES - - - - -		\$26,979,000	92.0
SHARE PURCHASE WARRANTS - - - - -	3	\$ 27,000	.1
TOTAL INVESTMENTS - - - - -		\$28,232,600	96.3
WORKING CAPITAL* - - - - -		1,099,236	3.7
TOTAL NET ASSETS - - - - -		\$29,331,836	100.0

*Including trading securities at market value

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

TO THE SHAREHOLDERS:

During the period under review gross income rose from \$741,611 to \$753,360 and total net assets at market value appreciated from \$27,077,399 or \$22.77 a share to \$29,331,836 or \$24.85 a share. A decline occurred in Canadian markets subsequent to the end of the company's financial year due to appreciation of the floating Canadian Dollar and the continued uncertainty of the White Paper proposals.

With deep regret we report the death of Lieutenant Colonel Michael Crichton, O.B.E., Royal Horse Guards. Mr. Rupert Hambro has been appointed a director to fill this vacancy.

NORMAN D'ARCY
President

September 1, 1970

Toronto, Ontario

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

AUDITORS' REPORT

To the Shareholders of

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA:

We have examined the consolidated balance sheet of Anglo-Scandinavian Investment Corporation of Canada and its wholly-owned subsidiary, Anglo-Scandinavian Securities Ltd., as at April 30, 1970 and the consolidated statements of earnings and retained earnings and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us, and as shown by the books of the companies, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at April 30, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change in accounting presentation referred to in note 2 to the consolidated financial statements.

Toronto, Canada,
June 5, 1970.

CLARKSON, GORDON & CO.
Chartered Accountants

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

(Incorporated under the laws of Quebec)

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

CONSOLIDATED BALANCE SHEET APRIL 30, 1970

(with comparative figures at April 30, 1969)

1969	ASSETS	1970
	Current:	
\$ 14,791	Cash - - - - -	\$ 4,210
817,063	Bank deposit receipts (including \$200,000 U.S.) - - - -	517,063
400,000	Short-term notes, at amortized cost - - - - -	448,260
238,407	Trading securities, at average cost (approximate market value \$192,100; 1969 — \$200,800) - - - -	237,500
18,791	Accrued interest and dividends receivable - - - - -	11,624
2,628	Receivable upon delivery of securities sold - - - - -	12,885
1,491,680	TOTAL CURRENT ASSETS - - - - -	1,231,542
	Investments, at average cost (approximate market value \$28,232,600; 1969 — \$25,696,800) (schedule attached):	
103,782	Debenture stock - - - - -	108,275
1,017,114	Preferred shares - - - - -	1,343,204
16,375,903	Common shares - - - - -	17,162,121
17,496,799	TOTAL INVESTMENTS - - - - -	18,613,600
\$18,988,479		\$19,845,142
	LIABILITIES	
	Current:	
\$ 15,672	Accounts payable and accrued charges - - - - -	\$ 17,509
36,047	Payable upon receipt of securities purchased - - - - -	56,909
21,755	Income and other taxes payable - - - - -	12,488
73,474	TOTAL CURRENT LIABILITIES - - - - -	86,906
	Shareholders' equity:	
	Capital —	
	Authorized:	
	200,000 redeemable preferred shares of \$25 par value each, issuable in series	
	2,000,000 common shares of \$5 par value each	
	Issued:	
2,500,000	100,000 5½% cumulative redeemable preferred shares Series A (note 1) - - - - -	2,500,000
5,397,750	1,079,550 common shares - - - - -	5,397,750
7,897,750		7,897,750
3,945,145	Contributed surplus - - - - -	3,945,145
7,072,110	Retained earnings - - - - -	7,915,341
18,915,005	TOTAL SHAREHOLDERS' EQUITY - - - - -	19,758,236
\$18,988,479		\$19,845,142

On behalf of the Board:

J. I. CROOKSTON, *Director*

E. D. FRASER, *Director*

(See notes to the consolidated financial statements)

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA
AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
FOR THE YEAR ENDED APRIL 30, 1970
(with comparative figures for 1969)

<u>1969</u>		<u>1970</u>
	INCOME:	
\$ 664,696	Dividends - - - - -	\$ 680,931
66,896	Interest - - - - -	104,919
10,019	Profit (loss) on security trading - - - - -	(32,490)
<u>741,611</u>		<u>753,360</u>
	EXPENSE:	
12,000	Directors' fees - - - - -	9,962
7,200	Executive remuneration - - - - -	7,150
7,402	Interest - - - - -	339
2,435	Legal and audit - - - - -	5,307
83,467	Management fees - - - - -	98,786
8,800	General - - - - -	19,234
<u>121,304</u>		<u>140,778</u>
620,307	Earnings before the undernoted items - - - - -	612,582
37,800	Income and foreign withholding taxes - - - - -	40,400
<u>582,507</u>		<u>572,182</u>
400,930	Earnings for the year before net gain on investment portfolio changes	572,182
983,437	Net gain on investment portfolio changes during the year (note 2) -	840,370
<u>6,657,994</u>		<u>1,412,552</u>
7,641,431	Net earnings for the year (notes 3 and 4) - - - - -	7,072,110
	Retained earnings, beginning of year - - - - -	<u>8,484,662</u>
	Deduct dividends declared:	
137,501	Preferred shares (\$1.375 per share) - - - - -	137,501
431,820	Common shares (\$.40 per share) - - - - -	431,820
<u>569,321</u>		<u>569,321</u>
<u>\$ 7,072,110</u>	Retained earnings, end of year - - - - -	<u>\$ 7,915,341</u>

(See notes to the consolidated financial statements)

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA
AND ITS WHOLLY-OWNED SUBSIDIARY
ANGLO-SCANDINAVIAN SECURITIES LTD.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED APRIL 30, 1970

(with comparative figures for 1969)

1969		1970
	Funds were applied to:	
	Increase (decrease) in investment portfolio —	
	Purchases:	
\$ 28,634	Debenture stock - - - - -	\$ 4,493
131,108	Preferred shares - - - - -	705,532
3,639,993	Common shares - - - - -	2,419,469
<u>3,799,735</u>		<u>3,129,494</u>
	Deduct sales, at average cost:	
17,478	Preferred shares - - - - -	379,442
5,114,432	Common shares - - - - -	1,633,251
<u>5,131,910</u>		<u>2,012,693</u>
(1,332,175)	Net increase (decrease) in investment portfolio - - -	1,116,801
569,321	Payment of dividends - - - - -	569,321
<u>(762,854)</u>		<u>1,686,122</u>
983,437	Funds were provided from net earnings for the year - - -	1,412,552
(1,746,291)	Excess of funds applied over funds provided (provided over applied) resulting in a decrease (increase) in working capital of	273,570
<u>(328,085)</u>	Working capital (deficiency), beginning of year - - - - -	1,418,206
<u>\$ 1,418,206</u>	Working capital, end of year - - - - -	<u>\$ 1,144,636</u>

(See notes to the consolidated financial statements)

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

APRIL 30, 1970

1. PREFERRED SHARES

The preferred shares are redeemable at a premium of 5½% on or before February 1, 1971, 4½% thereafter to February 1, 1976, 3½% thereafter to February 1, 1981, 2½% thereafter to February 1, 1986 and 1½% thereafter.

2. CHANGE IN ACCOUNTING POLICY

In the 1970 fiscal year the company adopted the policy of including gains on investment portfolio changes in earnings for the year rather than crediting such gains directly to retained earnings, which change is in accordance with recent recommendations of the Research Committee of the Canadian Institute of Chartered Accountants. The 1969 comparative figures included in the accompanying consolidated statements of earnings and retained earnings and source and application of funds have been restated to conform with this change in accounting presentation.

3. FUTURE INCOME TAX REDUCTIONS

It is estimated that tax reductions of approximately \$20,000, based on current tax rates, will be available to the subsidiary company in future years, to the extent of income earned in those years, through the deduction from income for tax purposes of losses incurred in 1970 and prior years.

4. EARNINGS PER COMMON SHARE

Earnings per common share, after deducting earnings attributable to the company's outstanding 5½% preferred shares, were as follows:

	1970	1969
Before inclusion of net gain on investment portfolio changes	\$.40	\$.41
Net earnings for the year	1.18	.78

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

SCHEDULE OF INVESTMENTS

(HELD BY ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA)

APRIL 30, 1970

<i>Par value</i>		<i>Approximate Market Value</i>
DEBENTURE STOCK		
	The White Pass and Yukon Corporation Limited —	
\$39,800	4½% first debenture stock due 1969-76 - - - - -	\$ 24,300
64,900	5% debenture stock due 1969-76 - - - - -	39,600
34,100	5½% unsecured loan stock due 1969-78 - - - - -	22,200
	Total debenture stock - - - - -	<u>86,100</u>
PREFERRED SHARES		
<i>Number of Shares</i>	Convertible	
3,800	Hudson's Bay Oil and Gas Company Limited — 5% Series A shares, \$50 par value - - - - -	201,400
8,000	The Investors Group — 5% shares, \$25 par value - - - - -	148,000
3,000	Shell Investments Limited — 5½% first preference shares, \$20 par value -	76,500
	Total convertible preferred shares - - - - -	<u>425,900</u>
	Other	
1,200	Acres Limited — 7.20% Class A, \$50 par value - - - - -	44,100
2,475	Betrust Investment Corporation Ltd. — 5¾% Series A shares, \$50 par value - - - - -	84,200
25,400	Canadian Pacific Railway Company — 4% stock units of \$15 each - - -	212,700
308	Candiac Development Corporation — 5% shares, \$100 par value - - -	30,800*
3,175	Rothmans of Pall Mall Canada Limited — 6.85% Series A, \$100 par value -	254,800
4,000	The White Pass and Yukon Corporation Limited — 6¾% Series A shares, \$25 par value - - - - -	88,000
	Total other preferred shares - - - - -	<u>714,600</u>
	Total preferred shares - - - - -	<u>1,140,500</u>
COMMON SHARES		
	Consumer goods and services	
10,925	Bell Canada - - - - -	461,600
16,000	Distillers Corporation — Seagrams Limited - - - - -	776,000
15,000	Fields Stores Limited - - - - -	88,100
3,000	International Utilities Corporation - - - - -	80,300
15,000	Maclaren Power & Paper Company, Class A - - - - -	270,000
5,030	Molson Industries Ltd., Class A - - - - -	81,100
	Total consumer goods and services - - - - -	<u>1,757,100</u>
	Financial institutions	
6,000	Betrust Investment Corporation Ltd. - - - - -	186,000
5,000	First Investors Mining and Petroleum Fund - - - - -	59,900
10	Hardwicke Investment Corporation Ltd. - - - - -	500
297,350	Locana Mineral Holdings Ltd. - - - - -	594,700
200	Noctin Investment Corporation Ltd. - - - - -	3,200
2,000	Redhill Investment Corporation Ltd. - - - - -	9,500
50	Wentworth Investment Corporation Ltd. - - - - -	500
	Total financial institutions - - - - -	<u>854,300</u>

Forward —

ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA

AND ITS WHOLLY-OWNED SUBSIDIARY

ANGLO-SCANDINAVIAN SECURITIES LTD.

SCHEDULE OF INVESTMENTS

(HELD BY ANGLO-SCANDINAVIAN INVESTMENT CORPORATION OF CANADA)

APRIL 30, 1970

Forward —

<i>Number of Shares</i>		<i>Approximate Market Value</i>
Natural resources		
9,000	Abitibi Paper Company Ltd. - - - - -	\$ 91,100
17,000	Cominco Ltd. - - - - -	467,500
22,400	Falconbridge Nickel Mines Limited - - - - -	3,494,400
1,000	Getty Oil Company - - - - -	46,700
12,000	Gulf Oil Canada Limited - - - - -	190,500
5,000	Home Oil Company Limited, Class A - - - - -	70,000
15,000	Imperial Oil Limited - - - - -	283,100
3,000	Kerr-Addison Gold Mines Limited - - - - -	37,100
16,000	Lake Dufault Mines Limited - - - - -	260,000
7,500	MacMillan Bloedel Limited - - - - -	225,000
95,514	McIntyre Porcupine Mines Limited - - - - -	15,377,700
5,000	New Quebec Raglan Mines Limited - - - - -	86,200
14,950	Noranda Mines Limited - - - - -	512,000
10,000	Opemiska Copper Mines (Quebec) Limited - - - - -	148,700
4,000	Panhandle Eastern Pipe Line - - - - -	154,500
9,300	Pine Point Mines Limited - - - - -	334,800
25,000	Placer Development Ltd. - - - - -	918,800
35,217	Powell River — Alberni Sales Limited - - - - -	614,100*
20,000	The Price Company Ltd. - - - - -	240,000
1,600	Standard Oil Company of California - - - - -	71,600
	Total natural resources - - - - -	<u>23,623,800</u>
Transportation		
4,000	Transcon Lines - - - - -	43,900
27,000	The White Pass and Yukon Corporation Limited - - - - -	540,000
	Total transportation - - - - -	<u>583,900</u>
Miscellaneous		
1,200	Acres Limited - - - - -	16,700
20,000	Block Bros. Industries Ltd. - - - - -	96,000
546	Candiac Development Corporation - - - - -	4,100*
546	Candiac Nurseries Ltd. - - - - -	600*
5,000	Sandwell and Company Limited - - - - -	42,500
	Total miscellaneous - - - - -	<u>159,900</u>
	Total common shares - - - - -	<u>26,979,000</u>
SHARE PURCHASE WARRANTS		
1,200	Acres Limited - - - - -	4,800
2,500	Canadian Pacific Investments Limited - - - - -	14,300
3,175	Rothmans of Pall Mall Canada Limited - - - - -	7,900
	Total warrants - - - - -	<u>27,000</u>
	TOTAL INVESTMENTS - - - - -	<u>\$28,232,600</u>

*Unquoted securities — shown at cost.

